

In order to qualify for sales tax exempt status in Illinois as an educational organization, the organization must offer courses that constitute systematic instruction in useful branches of learning by methods common to public schools. See 86 Ill. Adm. Code 130.2005. (This is a GIL.)

December 31, 1998

Dear Ms. Xxxxx:

This letter is in response to your letter dated August 28, 1998. We regret the delay in our response. The nature of your letter and the information you have provided require that we respond with a General Information Letter which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

COMPANY is a multi-level marketing company.

All our products are sold to independent distributors who use or resell the products to the general public.

COMPANY has a sales tax collection agreement with your state.,

Under the terms of this agreement, COMPANY acts as the collection agent in lieu of registration by each independent distributor. COMPANY precollects the sales tax based on the suggested retail price of taxable products and rate in effect for the ship-to-address.

Recently, we have received several inquiries regarding sales to individuals who are performing 'home schooling'.

Our research indicates that in some cases, public schools are exempt from sales tax, however, we were unable to determine if sales to a 'home school' would be exempt.

If this an exempt sales, what products can be purchased exempt?

Organizations that make application to the Department and are determined to be exclusively charitable, religious, or educational receive a tax exemption identification number ("E" number). Organizations that have secured tax exemption identification numbers from the Department are exempt from Use Tax when

purchasing tangible personal property for use in furtherance of organizational purposes, and retailer do not incur Retailers' Occupation Tax on such sales. See 86 Ill. Adm. Code 130.2007, enclosed. If organizations do not have E numbers, then their purchases are subject to tax. It is important to note that only sales of tangible personal property invoiced to the organization itself are exempt, and sales to individual members of the organization are taxable.

In order to qualify for sales tax exempt status in Illinois as an educational organization, the organization must offer courses that constitute systematic instruction in useful branches of learning by methods common to public schools. See the enclosed copy of 86 Ill. Adm. Code 130.2005(1)(2). In addition, those courses must compare favorably in scope and intensity with courses presented in the public schools.

All private elementary and high schools must demonstrate minimum curriculum requirements to the Regional Superintendent of Schools. When a home school organization makes such a demonstration upon application, the Department would generally be able to recognize such organization as an educational organization.

I hope this information is helpful. The Department of Revenue maintains a Web site which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Gina Roccaforte
Associate Counsel

GR:msk
Enc.